

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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MEMORANDUM

TO: Wellesley Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 26, 2019

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made, on average, on October 1 of each fiscal year. The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

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Funding Schedule

(1) Fiscal Year Ended 6/30/	(2) Employee Normal Cost	(3) Amortization of 2010 F.R. Liability	(4) Amortization of Unfunded Actuarial Liability	(5) Actuarially Determined Contributions (1/1/01-6/30)	(6) Unfunded Actuarial Liability Beginning of Fiscal Year	(7) Percent Increase in Actuarial Determined Contribution
2020	\$2,848,410	\$15,534	\$5,987,564	\$8,851,508	\$57,346,763	--
2021	2,961,868	15,534	6,460,668	9,438,070	55,846,113	6.63%
2022	3,053,883	15,534	6,686,791	9,756,209	52,750,524	3.37%
2023	3,148,735	0	6,920,829	10,069,564	49,212,584	3.21%
2024	3,246,511	0	7,163,057	10,409,568	45,210,982	3.38%
2025	3,347,300	0	7,413,765	10,761,065	40,690,106	3.38%
2026	3,451,196	0	7,673,247	11,124,443	35,606,659	3.38%
2027	3,558,293	0	7,941,811	11,500,103	29,914,162	3.38%
2028	3,668,689	0	8,219,774	11,888,462	23,562,737	3.38%
2029	3,782,485	0	8,507,466	12,289,950	16,498,867	3.38%
2030	3,899,785	0	8,805,227	12,705,012	8,665,144	3.38%
2031	4,020,696	0	0	4,020,696	0	-68.35%

Notes: Actuarially Determined Contributions are assumed to be paid on October 1.

Assumes contribution of budgeted amount for fiscal year 2020.

Item (2) increases at 2.75% per year, plus an additional 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to generational mortality assumption.

Projected normal cost does not reflect the impact of pension reform for future hires.

Amortization payments of remaining liability calculated to increase 3.50% per year.

Fiscal 2021 and later years reflect an increase in the COLA base to \$18,000 effective July 1, 2020.

Schedule does not reflect deferred investment losses.